

Twenty-Second Annual Report
CANDORE EXPLORATIONS LIMITED



For the Year Ended December 31, 1967

Full
CANDORE EXPLORATIONS LIMITED

25 Adelaide Street West, Toronto

SEMI-ANNUAL REPORT

JUNE 30, 1967

To the Shareholders:

The following is a summary of the company's exploration activities during 1967 to date:

Township 156, Ontario

Denison Mines Limited completed more than the 5,000 feet of diamond drilling required by the working option agreement of October 28, 1966. As this drilling did not encounter favourable geological structure, the program was discontinued. Denison's option on this property expires April 15, 1968. It has the sole and exclusive right until that date to decide whether or not it will explore this property further.

Gand Township, Quebec

As reported in the 1966 Annual Report, the 5,195 feet of diamond drilling done earlier this year outlined gold mineralization within a sedimentary formation for a strike length of over 1,600 feet.

Subsequent to June 30, 1967, the company examined a parallel zone approximately one mile south of the aforescribed structure by 1,318 feet of diamond drilling. Results from this drilling are now being appraised.

Respectfully submitted on behalf of the Board,

H. H. Zleard
President.

Toronto, Ontario,
August 21, 1967.

CANDORE EXPLORATIONS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	January 1 to June 30	
	1967	1966
Source of Funds		
Miscellaneous income	\$ 2,099	\$ 1,374
Application of Funds		
Administrative expenditures		
Administrative services	\$ 3,000	\$ 3,000
Directors' fees	250	250
General expenses	682	68
Legal and audit	200	100
Share issue expenses	—	199
Shareholders' reports and meetings	1,011	922
Transfer agent's fees and expenses	—	1,081
	<u>\$ 5,143</u>	<u>\$ 5,620</u>
Exploration expenditures		
Strathcona Township, Ontario	\$ 221	\$ 5,513
Gand Township, Quebec	49,177	2,006
Senneterre Township, Quebec	440	120
Township 150, Ontario	40	14
Township 156, Ontario	1,308	94
Townships 169 and 176, Ontario	—	1,165
Phillips Township, Ontario	—	3,807
	<u>\$ 51,186</u>	<u>\$ 12,719</u>
Investments	\$ —	\$ 5,000
Total applications	<u>\$ 56,329</u>	<u>\$ 23,339</u>
Decrease in Working Capital	<u>\$ 54,230</u>	<u>\$ 21,965</u>

CANDORE EXPLORATIONS LIMITED

25 Adelaide Street W., Toronto 1

(Incorporated under the Laws of the Province of Ontario)

OFFICERS

H. R. HEARD	-	-	-	-	-	-	-	-	-	-	President
K. J. BENNER	-	-	-	-	-	-	-	-	-	-	Vice-President
J. GEDDES	-	-	-	-	-	-	-	-	-	-	Secretary-Treasurer

DIRECTORS

H. R. HEARD	-	-	-	-	-	-	-	-	-	Toronto, Ontario
K. J. BENNER	-	-	-	-	-	-	-	-	-	Toronto, Ontario
J. GEDDES	-	-	-	-	-	-	-	-	-	Clarkson, Ontario
M. KIRSH	-	-	-	-	-	-	-	-	-	Toronto, Ontario
P. J. SULLIVAN	-	-	-	-	-	-	-	-	-	Toronto, Ontario

AUDITORS

McDONALD, NICHOLSON & Co.

Toronto, Ont.

REGISTRAR AND TRANSFER AGENT

THE STERLING TRUSTS CORPORATION

372 Bay Street, Toronto, Ontario

CANDORE EXPLORATIONS LIMITED

President's Report to the Shareholders

On behalf of the directors of Candore Explorations Limited, I am pleased to present to you the 22nd Annual Report containing financial statements as at December 31, 1967, reported upon by your Auditors, McDonald, Nicholson & Co., Chartered Accountants.

During 1967 Candore expended \$64,402 on exploration.

Gand Township, Opawica Area, Quebec

The major exploration project undertaken by the company in the year under review was a continuation of examination of the Gand Township claims. The cost thereof amounted to \$61,848.

Magnetometer and Induced Polarization surveys on the main zone, followed by some 5,200 feet of diamond drilling were completed. Surface examination and 1,380 feet of diamond drilling were carried out on a second zone, approximately three-quarters of a mile south of the main zone. Mineralization and low gold values over substantial lengths and widths were encountered.

After extensive study and review of the results it was decided to retain the 34 most interesting claims and to allow the remainder to lapse. This property could prove to be important to the company if gold should become a more valuable commodity.

Township 156, District of Algoma, Ontario

Pursuant to the agreement dated October 28, 1966, between the company and Denison Mines Limited, Denison expended some \$37,700 on diamond drilling and geological mapping of Candore's property in Township 156 in the Elliot Lake District.

Denison completed a total of 5,028 feet of diamond drilling in three holes. Two of these penetrated the overlying sediments and were terminated in basement volcanic rocks, with no significant radioactivity being noted. No work has been done on this property since the Fall of 1967.

General

As indicated in its last Annual Report, the company allowed its interest in the Strathcona property to lapse.

Although the company is not actively engaged in exploration at the time of writing this report, through its many contacts in the mining industry and related fields it is seeking a mining property that merits exploration.

The Annual Meeting of Shareholders will be held in Suite 416, 25 Adelaide Street West, Toronto 1, Ontario, on Wednesday, June 26, 1968. Shareholders are invited. If you are unable to attend in person and wish to be represented, you may do so by appointing your proxy. A form for your use in this connection is enclosed.

Respectfully submitted on behalf of the Board,

H. R. HEARD,
President.

Toronto, Ontario,
June 12, 1968.

CANDORE EXPLORATIONS

(Incorporated under the Laws of the Province of Ontario)

Balance Sheet—

(With comparative figures for 1966)

ASSETS		1967	1966
CURRENT ASSETS			
Cash in banks	\$	5,389	\$ 21,764
Accounts receivable		10,141	14,884
Bank deposit receipts, 5¾%		50,000	100,000
		<u>65,530</u>	<u>136,648</u>
INVESTMENTS			
Unlisted shares and other investments at cost, less allowance for possible loss on realization (1967 allowance \$54,000, 1966 allowance \$54,000)		22,664	22,664
Oil royalty interest, at nominal value		1	1
		<u>22,665</u>	<u>22,665</u>
INTEREST IN SUBSIDIARY COMPANY			
Dolphin-Miller Mines Limited (Note 2)			
Shares, at cost		109,225	109,225
Advances		21,130	21,130
		<u>130,355</u>	<u>130,355</u>
INTEREST IN AND EXPENDITURES ON MINING PROPERTIES, at cost (Note 1)			
Mining Properties, per schedule herewith, including a valuation of \$95,000 attributed to 550,000 shares of capital stock issued for claims		198,312	200,800
Deferred exploration expenditures, per statement herewith		224,617	167,047
Expenditures re Pidgeon Molybdenum Mines Ltd. — Recoverable from production profits only		61,504	61,504
Machinery and equipment		669	669
		<u>485,102</u>	<u>430,020</u>
ORGANIZATION EXPENSE		10,243	10,243
		<u>\$ 713,895</u>	<u>\$ 729,931</u>

The accompanying notes form part of the financial statements.

AUDITOR'S REPORT

To the Shareholders,
CANDORE EXPLORATIONS LIMITED,
TORONTO, Ontario.

We have examined the balance sheet of Candore Explorations Limited and the expenditure and source and disposition of funds for the year ended on that date, and the tests of accounting records and other supporting evidence as we considered necessary.

In our opinion the accompanying balance sheet and related statements fairly present the financial position of the company as at December 31, 1967, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, March 4, 1968.

ATIONS LIMITED

(of the Province of Ontario)

December 31, 1967

(at December 31, 1966)

LIABILITIES

CURRENT LIABILITIES

	1967	1966
Accounts payable and accrued liabilities	\$ 4,795	\$ 4,697

SHAREHOLDERS' EQUITY

Capital stock

Authorized 5,000,000 shares of par value \$1.00 each \$5,000,000

Issued and fully paid — 4,610,000 shares 4,610,000 4,610,000

Less: Discount 2,882,000 2,882,000

1,728,000 1,728,000

Surplus arising from reorganization of capital structure 162,978 162,978

1,890,978 1,890,978

Deficit, per statement herewith 1,181,878 1,165,744

709,100 725,234

Approved on behalf of the Board:

H. R. HEARD, Director.

K. J. BENNER, Director.

\$ 713,895 \$ 729,931

Integral part of this statement.

REPORT

December 31, 1967, together with the statements of deficit, deferred exploration or examination included a general review of the accounting procedures and such the circumstances.

Deficit, deferred exploration expenditure and source and disposition of funds present its operations and the source and disposition of funds for the year ended on that consistent with that of the preceding year.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

CANDORE EXPLORATIONS LIMITED

Statement of Deficit

For the year ended December 31, 1967

(With comparative figures for the year ended December 31, 1966)

	1967	1966
BALANCE, January 1	\$1,165,744	\$1,085,335
<i>Add:</i>		
Mining properties abandoned		
Cost of claims	2,500	—
Exploration expenditures thereon	6,832	7,921
Provision for possible loss on realization of investments	—	54,000
Amount written off oil royalty interest	—	9,555
	<u>1,175,076</u>	<u>1,156,811</u>
Administrative Expenses		
Annual meeting expenses	1,592	1,778
Directors' fees	375	500
Administrative services	6,000	6,000
Legal and audit	650	650
Printing, stationery and office expense	510	1,184
Public relations	214	125
Taxes other than income	180	11
Transfer agent's fees and expenses	1,238	1,442
	<u>10,759</u>	<u>11,690</u>
<i>Less:</i> Interest income	3,957	2,757
	<u>6,802</u>	<u>8,933</u>
BALANCE, December 31, 1967, transferred to balance sheet	<u>\$1,181,878</u>	<u>\$1,165,744</u>

The accompanying notes form an integral part of this statement.

CANDORE EXPLORATIONS LIMITED

Statement of Source and Disposition of Funds

For the year ended December 31, 1967

(With comparative figures for the year ended December 31, 1966)

SOURCE OF FUNDS	1967	1966
Sale of capital stock	\$ —	\$ 92,000
Interest received	3,957	2,757
Property option payment received	—	10,000
	<u>3,957</u>	<u>104,757</u>
DISPOSITION OF FUNDS		
Exploration expenditure	64,402	33,897
Property purchase and option payments	12	965
Investments and interests in other companies	—	10,000
Administrative expenses	10,759	11,690
	<u>75,173</u>	<u>56,552</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(71,216)	48,205
Working capital, January 1	131,951	83,746
WORKING CAPITAL, December 31	<u>\$ 60,735</u>	<u>\$ 131,951</u>
Current assets	65,530	136,648
Current liabilities	4,795	4,697
WORKING CAPITAL	<u>\$ 60,735</u>	<u>\$ 131,951</u>

The accompanying notes form an integral part of this statement.

CANDORE EXPLORATIONS LIMITED

Statement of Deferred Exploration Expenditures

For the year ended December 31, 1967

(With comparative figures for the year ended December 31, 1966)

EXPLORATION EXPENDITURES DURING YEAR	1967	1966
Diamond drilling	\$ 35,383	\$ 17,238
Engineering and technical supervision	10,710	8,301
Geophysical and other surveys	9,944	2,225
Camp maintenance	4,005	2,467
Taxes and other government fees	1,456	1,339
General expense	2,904	2,327
	<u>64,402</u>	<u>33,897</u>
Balance, January 1	167,047	141,071
	<u>231,449</u>	<u>174,968</u>
<i>Deduct: Amounts expended on properties abandoned, transferred to deficit</i>		
General prospecting, Ontario	—	761
Phillips Township, Ontario	—	3,808
Hepburn Township, Ontario	—	1,353
Townships 169 and 176, District of Algoma, Ontario	—	1,999
Strathcona Township, Ontario	6,832	—
	<u>6,832</u>	<u>7,921</u>
BALANCE, December 31, transferred to balance sheet, representing expenditures on the following properties:	<u>\$ 224,617</u>	<u>\$ 167,047</u>
Strathcona Township, Ontario	\$ —	\$ 6,611
Gand Township, Quebec	120,714	58,866
Township 156, District of Algoma, Ontario	49,566	47,790
Senneterre Township, Quebec — Group #1	46,546	46,426
Senneterre Township, Quebec — Group #2	570	250
Township 150, Blind River Area, Ontario	7,221	7,104
	<u>\$ 224,617</u>	<u>\$ 167,047</u>

The accompanying notes form an integral part of this statement.

CANDORE EXPLORATIONS LIMITED

Schedule of Mining Properties

December 31, 1967

(With comparative figures at December 31, 1966)

PATENTED MINING CLAIMS	Number of Claims Held	Book Value	
		1967	1966
Township 156, District of Algoma, Ontario (250,000 shares and \$40,285. cash) -----	32	\$ 80,285	\$ 80,285
Township 150, Blind River Area, Ontario (cash) -----	6	32,550	32,550
UNPATENTED MINING CLAIMS			
Gand Township, Quebec (cash) -----	47	10,477	10,465
Senneterre Township, Quebec — Group #1 (300,000 shares and \$20,000. cash) -----	4	65,000	65,000
Senneterre Township, Quebec — Group #2 (cash) -----	4	10,000	10,000
OPTIONS			
Strathcona Township, Ontario (cash) -----	42	—	2,500
		<u>\$ 198,312</u>	<u>\$ 200,800</u>

The accompanying notes form an integral part of this statement.

Notes to Financial Statements

December 31, 1967

1. MINING PROPERTIES

By agreement dated October 28, 1966, the company granted to Denison Mines Limited a working option on its mining property in Township 156, District of Algoma, Ontario, for (1) \$10,000 cash and (2) an undertaking to do at least 5,000 feet of diamond drilling by October 15, 1967.

In consideration of the aforesaid payment and undertaking and a further payment, at its option, of \$15,000 cash by April 15, 1968, Denison shall have the right to incorporate a 5,000,000 share company to acquire the mining property for 700,000 shares to be issued to Candore and 50,000 to Denison. A maximum of 1,000,000 shares in the capital of the new company will be issued to Denison for not less than 15¢ per share for exploration expenditures and/or for cash.

After the issue of the aforesaid 1,750,000 shares, further financing of the new company will be in blocks of 400,000 shares each at 25¢, 35¢, 45¢, 55¢, 65¢ and 75¢ per share. Candore has the right to participate to the extent of 25% of such further financing.

By agreement dated October 28, 1966, Candore acknowledged that Mid-North Engineering Services Limited was instrumental in and responsible for negotiating the above contract on Candore's behalf. In consideration therefor the company has granted Mid-North an option (1) to buy for \$10,500, 70,000 of the shares of the new company issued to Candore; (2) to participate to the extent of 10% in Candore's 25% interest in the further financing of the new company, and (3) to exercise any portion of Candore's participation in the financing of the new company that is not exercised by Candore.

2. SUBSIDIARY COMPANY

The accounts of the subsidiary, Dolphin-Miller Mines Limited, have not been consolidated with those of the Company due to the substantial minority interests; its property remains in the development stage and expenditures since acquisition of control have been deferred to future operations.

3. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Remuneration of directors and senior officers during the year ended December 31, 1967, amounted to \$375.00 (\$500.00 in 1966).

